

**RULES
OF
TENNESSEE REAL ESTATE COMMISSION**

**CHAPTER 1260-5
EDUCATIONAL REQUIREMENTS**

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1260-5-.01 PURPOSE. The Tennessee Real Estate Broker License Act of 1973 (as amended) requires satisfactory completion of certain courses in real estate by applicants for, and holders of, licenses as a broker or affiliate broker. This chapter establishes standards and procedures governing the establishment and operation of courses, programs, and schools which are designed to satisfy such educational requirements. This chapter further establishes guidelines and requirements to be fulfilled by licensees in obtaining required education.

Authority: T.C.A. §§62-13-106, 62-13-203, and 62-13-309. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed September 30, 1980; effective December 15, 1980. Amendment filed December 3, 2007; effective February 16, 2008.

1260-5-.02 APPLICATIONS.

- (1) The sponsor of any course(s) in real estate for which the approval of the Tennessee Real Estate Commission under T.C.A. §62-13-303 is sought shall submit an application on the form prescribed by the Commission. The application shall be accompanied by:
 - (a) a resume outlining the education and experience of the instructor(s) of such course(s);
 - (b) a detailed description of the content of such course(s);
 - (c) the projected schedule for the teaching of such course(s); and
 - (d) such other information as the Commission may reasonably request

Authority: T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984. Amendment filed November 17, 1987; effective January 1, 1988.

1260-5-.03 REQUIREMENTS FOR COURSES.

- (1) the applicant shall demonstrate to the satisfaction of the Commission that each course submitted for approval will:
 - (a) cover subjects which are reasonably related to the practice of real estate and suitably advanced to benefit and enrich the students enrolled;
 - (b) be conducted in a facility which contains adequate space, seating, and equipment;

(Rule 1260-5-.03, continued)

- (c) consist of no fewer than two (2) classroom hours; and
 - (d) incorporate appropriate methods for determining whether a student has successfully completed such course. Such methods shall include, but not be limited to:
 - 1. a minimum attendance requirement of eighty percent (80%), except that such requirement shall be one hundred percent (100%) if the course consists of eight (8) or fewer classroom hours.
 - 2. provisions to make up for all classes missed by a student; and
 - 3. a minimum passing requirement of seventy percent (70%) and a comprehensive final examination (or equivalent measure of achievement), if the course consists of more than eight (8) classroom hours. However, courses taken by affiliate brokers or brokers of eight (8) classroom hours or less may be approved for continuing education or post licensing credit without a comprehensive final examination being given.
- (2) Each hour of classroom instruction required by *T.C.A. §62-13-303* shall consist of fifty (50) minutes of actual instruction.
- (3) There shall be a sixty (60) hour course in basic principles required of all applicants for an affiliate brokers license under *T.C.A. §62-13-303*. The "basic principles of real estate" course required of applicants for affiliate broker's licenses by *T.C.A. §62-13-303* shall include significant instruction in the following areas:
- (a) the real estate business
 - (b) the agency relationship
 - (c) contracts (listings; leases; sales)
 - (d) governmental controls on real estate, including the Tennessee Real Estate Broker License Act
 - (e) legal aspects of real estate
 - (f) real estate mathematics
 - (g) real estate valuation
 - (h) real estate finance
 - (i) listing, offer to purchase, and settlement forms
 - (j) Tennessee real estate laws, rules, practice, etc.
 - (k) fair housing
 - (l) any additional subject which the Commission may require by reasonable written notice to course sponsor and/or instructor.
- (4) The "office or brokerage management" course required of applicants for broker's licenses by *T.C.A. §62-13-303* shall include significant instruction in the following areas:

(Rule 1260-5-.03, continued)

- (a) overview of theories, processes, and functions of management
 - (b) review of contracts and closing statements
 - (c) transition to management role
 - (d) planning; policy-making; setting objectives
 - (e) organizing and staffing
 - (f) recruiting, selecting, training, and retaining sales and office personnel
 - (g) written instruments; policy and procedures manual; contract between independent contractor and broker, and contract between salesperson-employee and broker
 - (h) financial systems and records
 - (i) processes, procedures, and methods of control
 - (j) stages of development in real estate firms
 - (k) market analysis
 - (l) horizontal and vertical expansions
 - (m) mergers and acquisitions
 - (n) governmental controls on real estate including the Tennessee Real Estate Broker License Act
 - (o) any additional subject which the Commission may require by reasonable written notice of the course sponsor and/or instructor.
- (5) (a) Effective January 1, 1993, the content of all courses approved by the Commission for continuing education shall be directly related to the following topics:
- 1. Valuation of Real Estate
 - 2. Construction-Property condition, energy
 - 3. Contracts
 - 4. Agency
 - 5. Financing Real Estate
 - 6. Investment Real Estate
 - 7. License Law and Rules
 - 8. Property Management
 - 9. Taxation of Real Estate Transaction

(Rule 1260-5-.03, continued)

10. Closing and Settlement Procedures
 11. Land Use, Planning and Zoning
 12. Time-shares
 13. Type of Property (condo, dom, pud, zero lot line, single, pud, etc.)
 14. Fair Housing
 15. Antitrust
 16. Ethics in Real Estate
 17. Professional Liability
- (b) The Commission may add or delete any subject by means of reasonable written notice to the course sponsor and/or instructor.
- (6) A candidate for an affiliate broker license shall be deemed to have completed the 60 hour course described in paragraph (3) above if:
- (a) the candidate holds a college or university degree with a major or concentration in real estate and the candidate's transcript shows successful completion of at least one 3 hour (30 hours or more of classroom instruction) course in the principles/fundamentals of real estate and at a minimum two more courses totaling at least 60 hours of classroom instruction in real estate as evidenced by the title or description of the course; or
 - (b) the candidate holds a law degree and the law school transcript evidences successful completion of at least one 3 hour course (30 hours or more of classroom instruction) in real property and at least 60 other hours of classroom instruction in contracts and agency.

Authority: T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed September 30, 1980; effective December 15, 1980. Amendment filed May 11, 1984; effective June 10, 1984. Amendment filed April 17, 1985; effective May 17, 1985. Amendment filed November 17, 1987; effective January 1, 1988. Amendment filed November 21, 1988; effective January 5, 1989. Amendment filed September 13, 1989; effective October 28, 1989. Amendment filed November 4, 1991; effective December 20, 1991. Amendment filed March 24, 1994; effective June 7, 1994. Amendment filed October 1, 1998; effective December 15, 1998. Amendments filed December 3, 2007; effective February 16, 2008.

1260-5-.04 QUALIFICATIONS FOR INSTRUCTORS.

- (1) In order to be eligible for approval by the Commission, a course in real estate designed to meet the educational requirements established in T.C.A. §62-13-303 shall be under the personal and direct supervision of an instructor who:
- (a) effective January 1, 1995, has completed a Tennessee Real Estate Commission approved course in instructor training;
 - (b) holds a diploma or certificate evidencing a high school education or the equivalent thereof;

(Rule 1260-5-.04, continued)

- (c) has no complaints filed against him in the Office of the Commission which have not been satisfactorily resolved;
- (d) if such course concerns the principles of real estate, mathematics, or sales techniques, is a licensed broker (or, with the approval of the Commission, affiliate broker) with at least five (5) years of experience in the subject of such course;
- (e) if such course concerns the law of real estate, has graduated from a law school accredited by the American Bar Association or approved by the State Board of Law Examiners;
- (f) if such course concerns any other field in which a degree or other recognized designation is commonly awarded, has earned such degree or designation, or has at least five (5) years of satisfactory experience in the field; and
- (g) if such course is offered for credit at a college or university, has either a master's degree and three (3) years of satisfactory experience in the area of instruction or a terminal degree in the area of instruction.

Authority: T.C.A. §§62-13-106 and 62-13-203. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984. Amendment filed March 24, 1994; effective June 7, 1994.

1260-5-.05 TENNESSEE REALTORS' INSTITUTE. Applicants for affiliate broker's or broker's licenses who elect to obtain their real estate education through the Tennessee Realtors' Institute shall remain subject to the "basic principles of real estate" and "office or brokerage management" course requirements (respectively) of T.C.A. §62-13-303.

Authority: T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed September 30, 1980; effective December 15, 1980. Amendment filed January 21, 1983; effective February 22, 1983. Amendment filed May 11, 1984; effective June 10, 1984. Amendment filed November 17, 1987; effective January 1, 1988.

1260-5-.06 RELATIONSHIP WITH BROKERS.

- (1) No course in real estate which is designed to satisfy educational requirements established in T.C.A. §62-13-303 may be:
 - (a) conducted in a facility which is also utilized for conducting business of a broker or brokerage firm; or
 - (b) advertised in conjunction with any advertisement for the business of a broker or brokerage firm.
- (2) No broker or brokerage firm shall use or cause to be used any facility in which a course in real estate designed to satisfy educational requirements established in T.C.A. §62-13-303 is conducted for the purpose of discussing, inducing, or promoting affiliation with such broker or brokerage firm.

Authority: T.C.A. §§62-13-106 and 62-13-203. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984.

1260-5-.07 RECORDS.

(Rule 1260-5-.07, continued)

- (1) The sponsor of any course(s) approved by the Commission shall maintain accurate and permanent records on all students enrolled in such course(s). The records shall include all information and ratings considered in determining whether students successfully complete such course(s). Such records shall be made available upon request by the Commission or its authorized representative.
- (2) It shall be the responsibility of each licensee to provide his file identification number at the time of registration for any Tennessee Real Estate Commission approved continuing education course for affiliate brokers, or post licensing course for brokers. If the licensee fails to provide his file identification number to the sponsor, he may not receive credit for the course from the Tennessee Real Estate Commission.
- (3) Each sponsor of any Commission approved continuing education course for affiliate brokers, or post licensing course for brokers, shall submit to the Commission, within ten (10) working days of the completion of the course, a roster of all students who successfully complete each course. The roster shall include the name and license/file identification number of each student. This information shall be provided in a roster format approved by the Commission.

Authority: T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984. Amendment filed February 3, 1992; effective March 19, 1992. Amendment filed December 3, 2007; effective February 16, 2008.

1260-5-.08 INSPECTIONS. By applying for the Commission's approval of any course in real estate, the applicant agrees to permit periodic inspections and monitoring by the Commission or its authorized representative for the purposes of evaluating facilities, course content, instructor performance, or any other relevant aspect of the administration and conduct of such course.

Authority: T.C.A. §§62-13-106 and 62-13-203. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984.

1260-5-.09 CHANGES IN APPLICATIONS. Any material change in any information furnished in connection with any application for approval of a course (including, but not limited to, information concerning course content, instructors, and facilities) shall be submitted to and approved by the Commission before taking effect.

Authority: T.C.A. §§62-13-106 and 62-13-203. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984.

1260-5-.10 WITHDRAWAL OF APPROVAL. Approval of any course(s) may be withdrawn by the Commission if:

- (1)
 - (a) the establishment or conduct of a course violates, or fails to meet the requirements of, the provisions of this chapter or other applicable law.
 - (b) the information contained in the application for approval is materially inaccurate or misleading;
 - (c) the sponsor, an instructor, or any other school representative disseminates false or misleading information concerning any course;
 - (d) the sponsor, an instructor, or any other school representative possesses, claims to possess, reveals, or distributes any questions utilized in examinations given by the Commission; or

(Rule 1260-5-.10, continued)

- (e) the performance of the instructor is so deficient as to impair significantly the value of a course; provided, however, that the instructor shall receive adequate notice of the discovered deficiency and opportunity to demonstrate satisfactory correction thereof.

Authority: T.C.A. §§62-13-106 and 62-13-203. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984.

1260-5-.11 CORRESPONDENCE COURSES.

- (1) The term “distance education” shall be used interchangeably with the term “correspondence courses” and shall include all education in which instruction does not take place in a traditional classroom setting but rather through other media where the teacher and student are separated by distance and/or by time. Distance education courses approved by the Commission shall be completed within one (1) year of the date of enrollment in order for continuing education to be granted to the licensee. Distance education may include, but is not necessarily limited to the following categories of learning materials and/or transmission modes:
 - (a) Printed Material. A distance education course using printed materials may be approved by the Commission if:
 - 1. students will be provided a manual or other printed materials;
 - 2. a comprehensive course outline, requirements for successful completion of the course and information regarding availability of faculty to students are provided;
 - 3. it contains at least six (6) written exercises which are to be submitted periodically to the instructor, graded and returned to the student; and
 - 4. if the class provides more than eight (8) hours of credit, a comprehensive final examination or equivalent measure of achievement is executed prior to the sponsor submitting the roster to the Commission indicating successful completion of the course for any and all students.
 - (b) Computer Based/Disk/Online Material. A distance education course using these materials and/or formats may be submitted to the Commission for analysis and possible approval if the course is certified by the Association of Real Estate License Law Officials (ARELLO), or other certifying body at the discretion of the Commission, as to technology, support of the technology, interactivity and course design.
 - 1. The Commission will review these certified courses on a case by case basis to determine whether the curriculum will meet Commission education requirements.
 - 2. Any course which would provide more than eight (8) hours of continuing education shall include a final examination which shall be executed prior to submission to the Commission for education credit.
 - 3. Approval of a course under this paragraph will be automatically withdrawn should certification by the respective certifying body be discontinued for any reason.

Authority: T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed May 11, 1984; effective June 10, 1984. Amendment filed November 17, 1987; effective January 1, 1988. Repeal and new rule filed December 3, 2007; effective February 16, 2008.

1260-5-.12 AFFILIATE BROKERS.

- (1) The Commission may, in its discretion, designate that a portion of the continuing real estate education required of affiliate brokers by T.C.A. § 62-13-303 be composed of specific topic(s).
- (2) The “office or brokerage management” course required of applicants for broker’s licenses will not be approved as a post-licensing or continuing education course for affiliate brokers.
- (3)
 - (a) An affiliate broker whose license was originally issued on or after July 1, 1980 will not be eligible for renewal of the license unless, during the immediately preceding two-year license period, such affiliate broker satisfactorily completes at least sixteen (16) hours of continuing real estate education. However, this subparagraph shall not apply to an affiliate broker whose license was temporarily retired in accordance with T. C. A. § 62-13-318 for the entire immediately preceding two-year license period.
 - (b) An affiliate broker will not receive continuing education credit for courses completed prior to licensure, or during a prior license period.

Authority: T.C.A. §§ 62-13-106, 62-13-203 and 62-13-303. **Administrative History:** Original rule filed May 11, 1984; effective June 10, 1984. Amendment filed November 17, 1987; effective January 1, 1988. Amendment filed November 21, 1988; effective January 5, 1989. Amendment filed July 31, 2006; effective October 14, 2006.

1260-5-.13 PROMOTIONAL MATERIALS. No materials shall be used for advertising or promoting any course designed to meet the requirements of T.C.A. §62-13-303 without advance approval by the Commission. Any statements or claims made in such materials must be factually supported.

Authority: T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984.

1260-5-.14 REPETITION OF COURSE CONTENT.

Credit for completion of real estate education required under T.C.A. §62-13-303 will not be awarded where the content of a course duplicates or repeats that for which credit has been previously received. This rule is only limited to duplication within the same renewal period.

Authority: T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed November 17, 1987; effective January 1, 1988. Amendment filed October 1, 1998; effective December 15, 1998.

1260-5-.15 FEE FOR EDUCATIONAL COURSE APPLICATION. Before any educational course is reviewed for approval by the Commission, the following non-refundable fees shall be paid according to the following hourly credit schedule:

- (1) any course not exceeding eight (8) hours a fee of twenty-five dollars (\$25.00);
- (2) any course from nine (9) hours to thirty (30) hours a fee of fifty dollars (\$50.00);
- (3) any course exceeding thirty (30) hours a fee of one hundred dollars (\$100.00).

Authority: T.C.A. §62-13-203. **Administrative History:** Original rule filed July 14, 1989; effective August 28, 1989.

1260-5-.16 COURSE APPROVAL PERIODS.

- (1) Effective January 1, 1993, the Commission will approve courses based upon a four (4) year review cycle of all courses. Each cycle will end on December 31st of the fourth year. The first four (4) year period of approval will end December 31, 1996.
- (2) Each course approval shall remain effective until the end of the review cycle notwithstanding the date upon which it was approved.
- (3) All course providers shall be required to resubmit their courses for approval at least one hundred twenty (120) days prior to the applicable expiration date. Failure to meet this deadline may result in the non-approval of a course.

Authority: T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed February 3, 1992; effective March 19, 1992. Amendment filed March 24, 1994; effective June 7, 1994. Repeal and new rule filed December 3, 2007; effective February 16, 2008.

1260-5-17 COURSE INTERMISSION. No course offered for eligibility for the affiliate brokers examination shall be held for more than six (6) hours in any twenty-four (24) hour period. There must be at least eight (8) hours of intermission between any two (2) sessions of the course.

Authority: T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed March 24, 1994; effective June 7, 1994.